

## Module 10A Simulation

# Claiming Education Credits for the Hope Credit

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*In this simulation, you will take on the role of Jon Stillman in order to learn how to claim the Hope Credit.*

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## **My Profile**

Name: Jon Stillman

Marital status: Married

Spouse's name (if any): Karen

Child(ren): Matt, age 19

Matt Stillman SSN: 000-00-2929

U.S. citizen: Yes

Other: Dependent child who is a sophomore at private university.

Filing Status: Married Filing Jointly

You have started filing your taxes. You are using Form 1040A and will claim education credits for your son Matt. Your filing status is married filing jointly.

Form <b>1040A</b>	Department of the Treasury—Internal Revenue Service <b>U.S. Individual Income Tax Return</b> (99)		<b>2007</b>	IRS Use Only—Do not write or staple in this space.
<b>Label</b> (See page 18.)  <b>Use the IRS label.</b> Otherwise, please print or type.  <b>Presidential Election Campaign</b>	<b>L A B E L  H E R E</b>	Your first name and initial <b>Jon</b>	Last name <b>Stillman</b>	OMB No. 1545-0074
		If a joint return, spouse's first name and initial <b>Karen</b>	Last name <b>Stillman</b>	Your social security number <b>000 00 8888</b> Spouse's social security number <b>000 00 3333</b>
		Home address (number and street). If you have a P.O. box, see page 18. <b>10 Washington</b>		Apt. no.
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 18. <b>Anytown, USA 10111</b>		Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
<b>Filing status</b> Check only one box.	Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 18) <input type="checkbox"/>			
	1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. <input type="checkbox"/>			
	4 <input type="checkbox"/> Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. <input type="checkbox"/> 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see page 20)			

1 2 3 **4** 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

**My Profile**

You have a tuition statement from Matt's university and paid qualified tuition and related expenses of \$15,000 during the year.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED					
FILER'S name, street address, city, state, ZIP code, and telephone number <b>State University</b> <b>555 Elon Drive</b> <b>Your City, State Zip Code</b>		1 Payments received for qualified tuition and related expenses <b>\$ 15,000</b>	OMB No. 1545-1574 <b>2007</b> Form 1098-T		
		2 Amounts billed for qualified tuition and related expenses <b>\$ 15,000</b>	<b>Tuition Statement</b>		
FILER'S federal identification no. <b>000-00-0000</b>	STUDENT'S social security number <b>000 00 2929</b>	3 Check if you have changed your reporting method for 2007 <input type="checkbox"/>		<b>Copy C For Filer</b>  For Privacy Act and Paperwork Reduction Act Notice, see the 2007 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
STUDENT'S name <b>Matt Stillman</b>		4 Adjustments made for a prior year \$	5 Scholarships or grants \$		
Street address (including apt. no.) <b>10 Washington</b>		6 Adjustments to scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2008 <input type="checkbox"/>		
City, state, and ZIP code <b>Your City, State Zip Code</b>					
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student <input checked="" type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>	10 Inst. contract reimb./refund \$		

Form 1098-T Department of the Treasury - Internal Revenue Service

1 2 3 4 **5** 6 7 8 9 10 11 12 13 14 15 16 17 18 19

**My Profile**

Your modified AGI on line 22 of Form 1040A is \$65,000. Your tax liability on Line 28 is \$5,836. You wish to claim the Hope Credit for higher education expenses.

Form 1040A (2007) Page 2

<b>Tax, credits, and payments</b>	<b>22</b> Enter the amount from line 21 (adjusted gross income).	<b>22</b>	<b>65000</b>
	<b>23a</b> Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind Total boxes checked <b>23a</b> <input type="checkbox"/>		
	<b>b</b> If you are married filing separately and your spouse itemizes deductions, see page 32 and check here <b>23b</b> <input type="checkbox"/>		
<b>Standard Deduction for—</b>	<b>24</b> Enter your <b>standard deduction</b> (see left margin).	<b>24</b>	<b>10700</b>
• People who checked any box on line 23a or 23b or who can be claimed as a dependent, see page 32.	<b>25</b> Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	<b>25</b>	<b>54300</b>
• All others:	<b>26</b> If line 22 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 22 is over \$117,300, see the worksheet on page 32.	<b>26</b>	<b>10200</b>
	<b>27</b> Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your <b>taxable income</b> .	<b>27</b>	<b>44100</b>
	<b>28</b> <b>Tax</b> , including any alternative minimum tax (see page 32).	<b>28</b>	<b>5836</b>
	<b>29</b> Credit for child and dependent care expenses.		

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

**My Profile**

**Answer the following questions to see if Jon and Karen meet the requirements for claiming the Hope Credit.**

Are the Stillman's using the correct filing status to claim the Hope Credit?

☒ yes ☐ no

Do Jon and Karen meet the income limits?

☒ yes ☐ no

Since Jon and Karen paid \$15,000 in qualified tuition and related expenses for their son's private university, can they claim the Hope Credit?

☒ yes ☐ no

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

**My Profile**

Use the information you have to fill in Part I and Part III of Form 8863, Education Credits.

Enter the qualified expenses on Line 1c:

2200

Form <b>8863</b>		<b>Education Credits</b> (Hope and Lifetime Learning Credits)		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service (99)		▶ See instructions. ▶ Attach to Form 1040 or Form 1040A.		<b>2007</b> Attachment Sequence No. 50		
Name(s) shown on return				Your social security number		
<b>Caution:</b> • You cannot take the Hope credit and the lifetime learning credit for the same student in the same year. • You cannot take both an education credit and the tuition and fees deduction (see Form 8917) for the same student in the same year.						
<b>Part I Hope Credit.</b> Caution: You cannot take the Hope credit for more than 2 tax years for the same student.						
1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
	Matthew Stillman	000 00 2929				
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III					2
<b>Part II Lifetime Learning Credit</b>						

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile



Use the information you have to fill in Part I and Part III of Form 8863, Education Credits.

Enter the smaller of the amount in column (c) or 1,100 on Line 1d:

1100

Form <b>8863</b>		<b>Education Credits</b> (Hope and Lifetime Learning Credits)		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service (99)		▶ See instructions. ▶ Attach to Form 1040 or Form 1040A.		<b>2007</b> Attachment Sequence No. 50		
Name(s) shown on return				Your social security number		
<b>Caution:</b> • You cannot take the Hope credit and the lifetime learning credit for the same student in the same year. • You cannot take both an education credit and the tuition and fees deduction (see Form 8917) for the same student in the same year.						
<b>Part I Hope Credit.</b> Caution: You cannot take the Hope credit for more than 2 tax years for the same student.						
1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
	Matthew Stillman	000 00 2929	2,200			
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III					2
<b>Part II Lifetime Learning Credit</b>						

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

Use the information you have to fill in Part I and Part III of Form 8863, Education Credits.

Enter the correct amount on line 1e:

3300

Form <b>8863</b>		<b>Education Credits</b> (Hope and Lifetime Learning Credits)		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service (99)		▶ See instructions. ▶ Attach to Form 1040 or Form 1040A.		<b>2007</b> Attachment Sequence No. 50		
Name(s) shown on return				Your social security number		
<b>Caution:</b> • You cannot take the Hope credit and the lifetime learning credit for the same student in the same year. • You cannot take both an education credit and the tuition and fees deduction (see Form 8917) for the same student in the same year.						
<b>Part I Hope Credit.</b> Caution: You cannot take the Hope credit for more than 2 tax years for the same student.						
1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
	Matthew Stillman	000 00 2929	2,200	1,100		
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III					2
<b>Part II Lifetime Learning Credit</b>						

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

Use the information you have to fill in Part I of Form 8863, Education Credits.

Enter the correct amount on line 2:

1650

Form <b>8863</b>		<b>Education Credits</b> (Hope and Lifetime Learning Credits)		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service (99)		▶ See instructions. ▶ Attach to Form 1040 or Form 1040A.		<b>2007</b> Attachment Sequence No. 50		
Name(s) shown on return				Your social security number		
<b>Caution:</b> • You cannot take the Hope credit and the lifetime learning credit for the same student in the same year. • You cannot take both an education credit and the tuition and fees deduction (see Form 8917) for the same student in the same year.						
<b>Part I Hope Credit.</b> Caution: You cannot take the Hope credit for more than 2 tax years for the same student.						
1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). Do not enter more than \$2,200 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
	Matthew Stillman	000 00 2929	2,200	1,100	3,300	1,650
2	Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III					2

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

**1040A****U.S. Individual Income Tax Return**

(99)

**2007**

IRS Use Only—Do not write or staple in this space.

**Label**

(See page 18.)

**Use the IRS label.**

Otherwise, please print or type.

**Presidential****Election Campaign**L  
A  
B  
E  
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H  
E  
R  
E

Your first name and initial

Last name

If a joint return, spouse's first name and initial

Last name

Home address (number and street). If you have a P.O. box, see page 18.

Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.

OMB No. 1545-0074

**Your social security number****Spouse's social security number**

▲ You must enter your SSN(s) above. ▲

Checking a box below will not change your tax or refund.

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 18)

☐ You ☐ Spouse**Filing status**

Check only one box.

**1** ☐ Single**2** ☐ Married filing jointly (even if only one had income)**3** ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶**4** ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶**5** ☐ Qualifying widow(er) with dependent child (see page 20)**Exemptions****6a** ☐ Yourself. If someone can claim you as a dependent, **do not** check box 6a.**b** ☐ Spouse**c Dependents:**

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) ☒ If qualifying child for child tax credit (see page 21)

If more than six dependents, see page 21.

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see page 22)

Dependents on 6c not entered above

Add numbers on lines above ▶

**d** Total number of exemptions claimed.**Income****Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld.**

If you did not get a W-2, see page 24.

Enclose, but do not attach, any payment.

**7** Wages, salaries, tips, etc. Attach Form(s) W-2.**7****8a** Taxable interest. Attach Schedule 1 if required.**8a****b** Tax-exempt interest. Do not include on line 8a.**8b****9a** Ordinary dividends. Attach Schedule 1 if required.**9a****b** Qualified dividends (see page 25).**9b****10** Capital gain distributions (see page 25).**10****11a** IRA distributions.**11a****11b** Taxable amount (see page 25).**11b****12a** Pensions and annuities.**12a****12b** Taxable amount (see page 26).**12b****13** Unemployment compensation and Alaska Permanent Fund dividends.**13****14a** Social security benefits.**14a****14b** Taxable amount (see page 28).**14b****15** Add lines 7 through 14b (far right column). This is your **total income**.**15****Adjusted gross income****16** Educator expenses (see page 28).**16****17** IRA deduction (see page 28).**17****18** Student loan interest deduction (see page 31).**18****19** Tuition and fees deduction. Attach Form 8917.**19****20** Add lines 16 through 19. These are your **total adjustments**.**20****21** Subtract line 20 from line 15. This is your **adjusted gross income**.**21**



## Module 10A Simulation

Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Enter the correct amount on line 8:

114000

Part III Allowable Education Credits			
7	Tentative education credits. Add lines 2 and 6	7	1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er)	8	
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22	9	
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits	10	
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	11	
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)	12	×
13	Multiply line 7 by line 12	13	
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28)	14	
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30	15	
16	1040 filers: Enter the amount from Form 6251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions)	16	
17	Add lines 15 and 16	17	
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits	18	

To review your Form 1040A, click [My Form 1040A](#) below.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

[My Profile](#)

[My Form 1040A](#)



Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Enter the correct amount on line 9:

65000

Part III Allowable Education Credits		
7	Tentative education credits. Add lines 2 and 6	7 1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er)	8 114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22	9
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits	10
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	11
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)	12 × .
13	Multiply line 7 by line 12	13
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28)	14
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30	15
16	1040 filers: Enter the amount from Form 8251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions)	16
17	Add lines 15 and 16	17
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits	18

**Hint:** See line 22 on Form 1040A.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A

Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Enter the correct amount on line 10:

49000

Part III Allowable Education Credits					
7	Tentative education credits. Add lines 2 and 6			7	1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er)			8	114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22			9	65,000
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits			10	
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)			11	
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)			12	×
13	Multiply line 7 by line 12			13	
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28)			14	
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30			15	
16	1040 filers: Enter the amount from Form 8251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions)			16	
17	Add lines 15 and 16			17	
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits			18	

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A



Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Line 12 is left blank. Enter the correct amount on line 13:

1650

Part III Allowable Education Credits					
7	Tentative education credits. Add lines 2 and 6			7	1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er)			8	114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22			9	65,000
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits			10	49,000
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)			11	
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)			12	×
13	Multiply line 7 by line 12			13	
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28)			14	
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30			15	
16	1040 filers: Enter the amount from Form 8251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions)			16	
17	Add lines 15 and 16			17	
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits			18	

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A

Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Enter the correct amount on line 14:

5836

Part III Allowable Education Credits					
7	Tentative education credits. Add lines 2 and 6			7	1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er)			8	114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22			9	65,000
10	Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits			10	49,000
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)			11	
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)			12	×
13	Multiply line 7 by line 12			13	1,650
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28)			14	
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30			15	
16	1040 filers: Enter the amount from Form 8251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions)			16	
17	Add lines 15 and 16			17	
18	Subtract line 17 from line 14. If zero or less, stop. You cannot take any education credits			18	

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A

Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Line 15 is zero. Line 16 is zero. Enter the correct amount on line 18:

5836

Part III Allowable Education Credits			
7	Tentative education credits. Add lines 2 and 6 . . . . .		7 1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er) . . . . .		8 114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22 . . . . .		9 65,000
10	Subtract line 9 from line 8. If zero or less, <b>stop</b> ; you cannot take any education credits . . . . .		10 49,000
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er) . . . . .		11
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places) . . . . .		12 × .
13	Multiply line 7 by line 12 . . . . . ▶		13 1,650
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28) . . . . .		14 5,836
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30 . . . . .		15 0
16	1040 filers: Enter the amount from Form 6251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions) . . . . .		16 0
17	Add lines 15 and 16 . . . . .		17 0
18	Subtract line 17 from line 14. If zero or less, <b>stop</b> . You cannot take any education credits . . . . . ▶		18 5836

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A

## Module 10A Simulation

Your tentative Hope Credit is \$1,650. Using the information from Form 1040A, complete Part III of the Stillman's Form 8863.

Enter the Education Credits on line 19:

1650

7	Tentative education credits. Add lines 2 and 6 . . . . .	7	1650
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er) . . . . .	8	114,000
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22 . . . . .	9	65,000
10	Subtract line 9 from line 8. If zero or less, <b>stop</b> ; you cannot take any education credits . . . . .	10	49,000
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er) . . . . .	11	
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places) . . . . .	12	×
13	Multiply line 7 by line 12 . . . . .	13	1,650
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28) . . . . .	14	5,836
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30 . . . . .	15	0
16	1040 filers: Enter the amount from Form 6251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions) . . . . .	16	0
17	Add lines 15 and 16 . . . . .	17	0
18	Subtract line 17 from line 14. If zero or less, <b>stop</b> . You cannot take any education credits . . . . .	18	5,836
19	<b>Education credits.</b> Enter the smaller of line 13 or line 18 here and on Form 1040, line 49, or Form 1040A, line 31 . . . . .	19	

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A

Congratulations, you have completed Jon and Karen's Hope Credit by completing Form 8863. This form should be attached to the return and \$1,650 should be transferred to Form 1040A, line 31.

Married filing separately, \$5,350	30	Credit for the elderly or the disabled. Attach Schedule 2.	30
Married filing jointly or Qualifying widow(er), \$10,700	31	Education credits. Attach Form 8863.	31
Head of household, \$7,850	32	Child tax credit (see page 37). Attach Form 8901 if required.	32
	33	Retirement savings contributions credit. Attach Form 8880.	33
	34	Add lines 29 through 33. These are your <b>total credits</b> .	34
	35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-.	35
	36	Advance earned income credit payments from Form(s) W-2, box 9.	36
	37	Add lines 35 and 36. This is your <b>total tax</b> .	37

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

My Profile

My Form 1040A

My Form 8863

**Education Credits**  
**(Hope and Lifetime Learning Credits)**

► See instructions.  
► Attach to Form 1040 or Form 1040A.

OMB No. 1545-0074

**2007**

Attachment  
Sequence No. **50**

Name(s) shown on return

Your social security number

**Jon & Karen Stillman**

**000 00 8888**

**Caution:** • You **cannot** take the Hope credit and the lifetime learning credit for the **same student** in the same year.  
• You **cannot** take both an education credit and the tuition and fees deduction (see Form 8917) for the **same student** in the same year.

**Part I Hope Credit. Caution: You cannot take the Hope credit for more than 2 tax years for the same student.**

1	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions). <b>Do not</b> enter more than \$2,200 for each student.	(d) Enter the smaller of the amount in column (c) or \$1,100	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
	<b>Matthew Stillman</b>	<b>000 00 2929</b>	<b>2,200</b>	<b>1,100</b>	<b>3,300</b>	<b>1,650</b>
2	<b>Tentative Hope credit.</b> Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III . . . . . ►					<b>2 1,650</b>

**Part II Lifetime Learning Credit**

3	(a) Student's name (as shown on page 1 of your tax return) First name Last name	(b) Student's social security number (as shown on page 1 of your tax return)	(c) Qualified expenses (see instructions)
4	Add the amounts on line 3, column (c), and enter the total . . . . .		<b>4</b>
5	Enter the <b>smaller</b> of line 4 or \$10,000 . . . . .		<b>5</b>
6	<b>Tentative lifetime learning credit.</b> Multiply line 5 by 20% (.20) and go to Part III . . . . .		<b>6</b>

**Part III Allowable Education Credits**

7	Tentative education credits. Add lines 2 and 6 . . . . .	<b>7 1650</b>
8	Enter: \$114,000 if married filing jointly; \$57,000 if single, head of household, or qualifying widow(er) . . . . .	<b>8 114,000</b>
9	Enter the amount from Form 1040, line 38*, or Form 1040A, line 22 . . . . .	<b>9 65,000</b>
10	Subtract line 9 from line 8. If zero or less, <b>stop</b> ; you cannot take any education credits . . . . .	<b>10 49,000</b>
11	Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er) . . . . .	<b>11 20,000</b>
12	If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places) . . . . .	<b>12</b> × .
13	Multiply line 7 by line 12 . . . . . ►	<b>13 1,650</b>
14	Enter the amount from Form 1040, line 44, or Form 1040A, line 28 (minus any alternative minimum tax included on Form 1040A, line 28) . . . . .	<b>14 5,836</b>
15	Enter the total, if any, of your credits from Form 1040, lines 47 and 48, or Form 1040A, lines 29 and 30 . . . . .	<b>15 0</b>
16	1040 filers: Enter the amount from Form 6251, line 31 (see instructions) 1040A filers: Enter the amount, if any, from the Alternative Minimum Tax Worksheet, line 23 (see instructions) . . . . .	<b>16 0</b>
17	Add lines 15 and 16 . . . . .	<b>17 0</b>
18	Subtract line 17 from line 14. If zero or less, <b>stop</b> . You cannot take any education credits . . . . . ►	<b>18 5,836</b>
19	<b>Education credits.</b> Enter the smaller of line 13 or line 18 here and on Form 1040, line 49, or Form 1040A, line 31 . . . . . ►	<b>19 1,650</b>

\* If you are filing Form 2555, 2555-EZ, or 4563, or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.